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May 13, 2002

96-45
00-256

Mr. Steve Vick
Montana Public Service Commission, Utility Division
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Re: Hot Springs Telephone Company - Disaggregation filing - Path 3 Self-Certification

Dear Mr. Vick:

Enclosed is an original and ten (10) copies of the Disaggregation Plan of Hot Springs Telephone Company (HSTC), filed with the Montana Public Service Commission pursuant to FCC Order 01-157, and the FCC Disaggregation rules, 47 C.F.R. §54.315 et. seq.

The cost information contained in the Plan is being filed as Proprietary. Therefore, an expurgated version of the Plan is included, and only one copy of the Proprietary information is filed, in a separate envelope.

HSTC has elected "Path 3" Self-Certification, pursuant to 47 C.F.R. §54.315(d) (the Plan divides the HSTC exchange into only two zones). HSTC hereby certifies, pursuant to §54.315(d)(1) that it is filing a disaggregation Plan that disaggregates "support into no more than two cost zones per wire center." Therefore, Self-Certification is deemed complete and approved, and no Commission action on this filing is required, pursuant to §54.315(d). Section 54.315(d)(3) states: "A carrier's election of this path becomes effective upon certification by the carrier to the state commission."

Please contact the undersigned if there are any questions. Thank you.

Sincerely,

Ivan (Chuck) Evilsizer
Attorney for Hot Springs Telephone Company

No. of Copies rec'd 2
List ABCDE

Enclosures
cc: Universal Service Administrative Corporation (w/o proprietary information)
Federal Communications Commission (w/o proprietary information)

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

*****

THE DISAGGREGATION
SELF-CERTIFICATION FILING
OF
HOT SPRINGS TELEPHONE COMPANY
STUDY AREA: 482241

Filed Pursuant to Federal Communications Commission Dockets:

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
	)	
Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers	)	CC Docket No. 00-256

Dated: May 13, 2002

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EXECUTIVE SUMMARY

This plan ("Plan") introduces the disaggregation of federal universal service support for Hot Springs Telephone Company ("Hot Springs" or "the Company"). Federal Universal Service Support ("USF") payments are received on a monthly basis by Eligible Telecommunications Carriers ("ETC") such as Hot Springs. Hot Springs was designated as an ETC for its incumbent service area in Montana PSC Order No. 6005a, Docket No. D96.2.18 (December 16, 1997). Under the FCC's rules, these funds may be portable, that is, they are potentially available to competitive ETCs if duly designated, if they comply with all applicable laws and conditions, and if they universally serve Hot Springs' study area. This Plan is filed to enable Hot Springs to be in compliance with the FCC Order 01-157, dated May 23, 2001 in CC Docket Nos. 96-45 and 00-256 ("the RTF Order").

The Plan has four primary components: (1) Current Federal Support, which includes a brief overview of existing fund sources and the current level of funding received by Hot Springs; (2) Cost Zones, which combine density and cost proxy modeling to create Hot Springs' disaggregation zones; (3) Disaggregation of Support, which introduces the cost algorithm used to develop per line support for each cost zone and establishes the mechanisms used to recalculate disaggregated support per line; and (4) Additional Information, which defines the term of the plan and details the criteria for disaggregation plans and how Hot Springs has satisfied each of these requirements. These parts of the Plan are interrelated with and dependent upon one another.

PART 1 - CURRENT FEDERAL SUPPORT

The federal support received by Hot Springs is currently $34,463 per month, or $413,556 annually. Based on current access lines of 791, the average support per line is $43.57 per month. Table 1 shows the support by category.

Table 1

Category	Monthly	Per Line
High Cost Loop (HCL)	$14,428	$18.24
Local Switching Support (LSS)	$12,042	$15.22
Long Term Support (LTS)	$7,993	$10.10
Total	$34,463	$43.57
Access Lines	791	

This is the support which will be allocated among the various cost zones identified in Part 2. It is important to note that the level of support is immaterial to the workings of the disaggregation plan. The plan is designed in such a way that the support level can be modified, but the relationships between the cost zones for each type of support will remain fixed.

PART 2 - COST ZONES

A. Density factors.

For disaggregation purposes, the company has established the density of areas within its exchange as the criterion for establishing cost zones. Density is measured by dividing access lines by the square miles of the zone or exchange. Hot Springs currently has 791 access lines in service. The service territory of the company covers approximately 225 square miles (one exchange). The

Company has determined that there are two distinct cost zones within its exchange; one a downtown zone and the other a rural zone. The density of these two zones is summarized in Table 2 below.

Table 2

Cost Zone	Access Lines	Square Miles	Lines per Sq Mile
Downtown (Zone "D")	475	7.25	65.52
Rural (Zone "R")	316	217.75	1.45
Total	791	225.00	3.52

B. Proxy model results.

As described in the Rural Task Force (RTF) White Paper, there are at least six different methods of disaggregation, each with advantages and disadvantages (RTF White Paper #6, "Disaggregation and Targeting of Universal Service Support," September, 2000). While the Company would have preferred to use actual costs, the RTF cogently points out that many Rural Carriers may not keep accounting records at this level of detail. Hot Springs does not have cost information in such detail. A proxy model provides the information required to compare the relative cost of one zone to the cost of another, which is its sole application in this project. Hot Springs would object to the use proxy models for any other purpose, and notes that the RTF Order specifically approves of the use of embedded cost studies for rural carriers (FCC 01-157, ¶25).

Based on proxy cost data, a relationship can be developed between service area density and the cost to provide service. The Hatfield Model (v5.0) was chosen to develop the estimated cost to

provide service in Hot Springs' study area. To smooth out any potential anomalies that come with running a proxy model for small rural LECs, the Company developed a sample[1] to determine the average cost per loop for Montana's LECs. The resulting figures provided the cost to serve areas of Montana, based upon the number of access lines per square mile. The cost for the zones that are relevant to Hot Springs are included below in Table 3 (Proprietary), while a summary of the output from the proxy cost model is included as Exhibit 4 in this filing.

Table 3	
Lines per Sq Mile	Cost per Loop
0-5	(P)
5-100	(P)

PART 3 - DISAGGREGATION OF SUPPORT

A. Identification of cost zones.

The downtown zone for Hot Springs falls into the 5-100 lines per square mile zone above, while the remainder of the exchange becomes the rural zone (0-5 lines per square mile). Exhibit 1 includes a map for of Hot Springs' cost zones. Exhibit 2 provides a description of each of the cost zones, including access lines, and square miles. The zones are inclusive of all the service area

[1] The Montana sample consisted of 18 companies, serving a total of approximately 527,000 access lines. The companies ranged in size from 600 to 383,000 access lines. The companies included were: 3 Rivers, Blackfoot, Central, Citizens, Clark Fork, Hot Springs, InterBel, Lincoln, Mid-Rivers, Qwest, Nemont, Northern, CenturyTel, Project, Range, Ronan, Southern, and Triangle.

inside these borders, including the border itself. A description of the cost zone boundaries, in conjunction with the exchange boundaries, are to be used to make the determination of whether a particular access line is included in a given cost zone.

B. Initial support per zone.

The universal service support per line is targeted to the cost zones based on the relative cost to serve each zone. This figure is based on the lines in each zone and the cost per line from the cost proxy model. The algorithm which can be used to replicate the development of this disaggregation plan is:

$$USFPL_{z(n)} = [(COST_{z(n)} \div COST_{(a)}) \times USF_{(t)}] \div LINES_{z(n)}$$

Where:

$USFPL_{z(n)}$ = Universal service support per line for cost zone(n), where (n) represents any of the two cost zones, rural or downtown.

$COST_{z(n)}$ = Total cost of zone(n). Developed by multiplying access lines in zone(n) by the zone(n) cost per line per the proxy model.

$COST_{(a)}$ = Total cost of all zones per proxy model. Developed by multiplying access lines in each of the cost zones by the cost per line for each zone per the proxy model.

$USF_{(t)}$ = Total monthly universal service support.

$LINES_{z(n)}$ = Total access lines included in cost zone(n).

By applying this algorithm, Hot Springs is able to identify the required per line support for each cost zone. The support per line for each zone is included in the Table 4 below, with supporting calculations in Exhibit 3.

Table 4								
Cost Zone	HCL per Line	HCL Zone Ratio	LTS per Line	LTS Zone Ratio	LSS per Line	LSS Zone Ratio	Total per Line	Total Zone Ratio
Zone "D" - Downtown	$5.75	1.00	$3.18	1.00	$4.79	1.00	$13.72	1.00
Zone "R" - Rural	$37.02	6.45	$20.52	6.45	$30.90	6.45	$88.44	6.45

C. Going-forward support per line.

The support in the downtown zone is the lowest of the two zones on a per line basis. This is true throughout the duration of the plan, as the relationship of per line support for each category of support between disaggregation zones is maintained. These relationships remain fixed throughout the duration of the plan, but the per line support is recalculated whenever the total support

changes. Also, upon entry of a competitive ETC in Hot Springs's study area, the per line support in each zone will be updated and recalculated. The Plan, including the zones, cost calculations, and allocations of support, are subject to amendment during the duration of the Plan, as provided by FCC rules and/or the Montana PSC.

With the fixed relationships as developed in Table 4 above, a new algorithm is established to recalculate per line support on a going forward basis. This new algorithm is introduced to ensure that the support relationships between zones remain constant throughout the term of the plan. To determine the support per line, one must solve for "A" in the new cost algorithm. The formula for the new algorithm is:

$$\text{Total Support} = (\text{LINES}_{z(r)} \times 6.45 \times A) + (\text{LINES}_{z(d)} \times A)$$

Where:

Total Support	=	Total monthly federal universal service support.
$\text{LINES}_{z(r)}$	=	Then current access lines in Zone "R".
$\text{LINES}_{z(d)}$	=	Then current access lines in Zone "D".
A	=	Baseline (downtown) federal support per line.

Exhibit 5 of this plan illustrates the application of this formula using pro-forma access line and total universal service support levels.

PART 4 - ADDITIONAL INFORMATION.

A. Interstate Common Line Support.

Beginning July 1, 2002, Hot Springs and other rural LECs will begin receiving a new federal support element, the Interstate Common Line Support ("ICLS"). When the ICLS support is established, it may be portable to competitive ETCs in the same manner as the other federal support elements outlined in Table 1 above. This will be incorporated as additional support, and Hot Springs will develop new support per line in accordance with the algorithm from Part 3C above and Exhibit 5.

B. Compliance with FCC Disaggregation Rules.

For a company to self-certify a disaggregation plan, it must satisfy the requirements set out in FCC Rules §§54.315 (d)(1-6) , 54.315(e)(1-7), and 54.315(f)(3-4). To ensure compliance with each of these requirements, the following summary is provided.

(1) FCC Rule §54.315 (d)(1). A carrier may file a disaggregation and targeting Plan with the state commission along with a statement certifying each of the following: (i) It has disaggregated support to the wire center level; or (ii) It has disaggregated support into no more than two cost zones per wire center; or (iii) That the carrier's disaggregation plan complies with a prior regulatory determination made by the state commission.

> **Compliance:** The company certifies that this Plan, as filed, has disaggregated support into no more than two cost zones per wire center. These zones are identified in Exhibits 1 and 2 of this filing. The Self-Certification requirement is therefore satisfied.

(2) FCC Rule §54.315 (d)(2)(I). The plan must be supported by a description of the rationale used, including the methods and data relied upon to develop the disaggregation zones, and a discussion of how the plan complies with the requirements of this paragraph. Such filing must provide information sufficient for interested parties to make a meaningful analysis of how the carrier developed its disaggregation plan.

Compliance: The determination of zones based upon density is provided in Table 2 of the plan. The cost per loop for each zone is developed based on the information provided in Table 3; and Exhibit 3 of the Plan illustrates the step by step methodology used to develop support per line for each category of support.

(3) FCC Rule §54.315 (d)(2)(ii). The plan must be reasonably related to the cost of providing service for each disaggregation zone within each disaggregated category of support.

Compliance: The proxy model is used to develop the cost to provide service to a geographic zone based on the lines per square mile. The support is allocated amongst the cost zones based on the total cost of each zone, as outlined in Exhibit 3 of the Plan.

(4) FCC Rule §54.315 (d)(2)(iii). The plan must clearly specify the per-line level of support for each category of high-cost universal service support provided pursuant to §§ 54.301,54.303, and/or 54.305 and/or part 36, subpart F of this chapter in each disaggregation zone.

Compliance: See Table 4 of Part 3, Section B, Initial support per zone.

(5) FCC Rule §54.315 (d)(2)(iv). If the plan uses a benchmark, the carrier must provide detailed information explaining what the benchmark is and how it was determined. The benchmark must be generally consistent with how the total study area level of support for each category of costs is derived to enable a competitive eligible telecommunications carrier to compare the disaggregated costs used to determine support for each cost zone.

Compliance: The only benchmark used is the sample of Montana companies proxy costs from the Hatfield Model. The disaggregated costs used to determine support for each zone are summarized in Exhibits 3 and 4.

(6) FCC Rule §54.315 (d)(3). A carrier's election of this path becomes effective upon certification by the carrier to the state commission.

Compliance: This is outlined in Part 4, Section C, Term of plan. As a "Path 3 Self-Certified Plan" this Disaggregation Plan is effective upon filing with the Montana PSC.

(7) FCC Rule §54.315 (d)(4). A carrier shall disaggregate and target support under this path for at least four years from the date of certification to the state commission except as provided in paragraph (d)(5) of this section.

Compliance: This is outlined in Part 4, Section C, Term of plan.

(8) FCC Rule §54.315 (d)(5). A state commission may require, on its own motion, upon petition by an interested party, or upon petition by the rural incumbent local exchange carrier, modification to the disaggregation and targeting of support under this path.

Compliance: This is outlined in Part 4, Section C, Term of plan.

(9) FCC Rule §54.315 (d)(6). A carrier not subject to the jurisdiction of a state, e.g., certain tribally owned carriers, may select Path 3, but must certify to the Federal Communications Commission as described in paragraphs (d)(1) through (5) of this section.

Compliance: Not applicable, Hot Springs is subject to the jurisdiction of the Montana Public Service Commission.

(10) FCC Rule §54.315 (e)(1). Support available to the rural incumbent local exchange carrier's study area under its disaggregation plan shall equal the total support available to the study area without disaggregation.

Compliance: Compliance with this requirement is established in Exhibit 3.

(11) FCC Rule §54.315 (e)(2). The ratio of per-line support between disaggregation zones for each disaggregated category of support shall remain fixed over time, except as changes are allowed pursuant to paragraph (c) and (d) of this section.

Compliance: This is outlined in Part 3, Section C, Going-forward support per line.

(12) FCC Rule §54.315 (e)(3). The ratio of per-line support shall be made publicly available.

Compliance: These ratios are included in this plan in Part 3, Section C, Going-forward support per line, as well as in Exhibit 3. As these ratios are publicly available, this requirement is satisfied.

(13) FCC Rule §54.315 (e)(4). Per-line support amounts for each disaggregation zone shall be recalculated whenever the rural incumbent local exchange carrier's total annual support amount changes using the changed support amount and lines at that point in time.

Compliance: This is built into the plan in Part 3, Section C, Going-forward support per line. Also, an example of how the support is recalculated to satisfy the requirements of this section is included as Exhibit 5 of this filing.

(14) FCC Rule §54.315 (e)(5). Per-line support for each category of support in each disaggregation zone shall be determined such that the ratio of support between disaggregation zone multiplied by the per-line support for those zones when added together equals the sum of the rural incumbent local exchange carrier's total support.

Compliance: The development of initial support, the ratios for each category of support in each disaggregation zone, and proof that the sum of all zones equals the total support, are included in Exhibit 3 of this Plan.

(15) FCC Rule §54.315 (e)(6). Until a competitive eligible telecommunications carrier is certified in a study area, monthly payments to the rural incumbent local exchange carrier will be made, based on total annual amounts for its study area divided by twelve.

Compliance: This is how USAC administers USF payments today, and the Company anticipates a continuation of this practice in conformance with FCC rules, subject also to Montana PSC rules and orders regarding certification and eligibility criteria.

(16) FCC Rule §54.315 (e)(7). When a competitive eligible telecommunications carrier is certified in a study area, per-line amounts used to determine the competitive eligible telecommunications carrier's disaggregated support shall be based on the rural incumbent local exchange carrier's then-current total support levels, lines, and disaggregated support relationships.

Compliance: The plan contemplates the need to recalculate the support when a competitive eligible telecommunications carrier is certified in the study area. The algorithm is included in the Plan at Part 3, Section C, Going-forward support per line, with an example of the required calculations in Exhibit 5.

(17) FCC Rule §54.315 (f)(3). A rural incumbent local exchange carrier electing to disaggregate and target support under paragraph (d) of this section shall submit to the Administrator (USAC) a copy of the Self Certification Plan including the information submitted to the state commission pursuant to (d)(2)(I) and (d)(2)(iv) of this section or the Federal Communications Commission.

Compliance: A copy of this Plan is being filed simultaneously with the Montana PSC and the universal service fund administrator (USAC).

(18) FCC Rule §54.315 (f)(4). A rural incumbent local exchange carrier electing to disaggregate and target support under paragraph (c) or (d) of this section must submit to the Administrator maps which precisely identify the boundaries of the designated disaggregation zones of support within the carrier's study area.

Compliance: Included in this plan as Exhibit 1 is a precise mapping of the Company's

cost zone(s). Exhibit 2 includes a narrative description of the zones locations.

Proprietary Information: Proprietary-Confidential portions of this Plan are indicated by a (P) herein, and the pertinent information is filed separately on yellow paper with the Montana PSC, pursuant to Order No. 6273 in Docket No. N2000.9.150

C. Term of Plan.

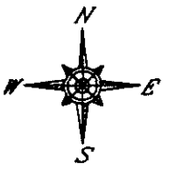
This plan is designed to run concurrently with the FCC's Order 01-157, dated May 23, 2001 in the RTF Order. Per FCC Rule §54.315 (d)(4), the initial term of this plan shall be four years from the date of Certification to the Montana PSC (May 13, 2002). Thus the initial term would end on May 13, 2006, subject to FCC Rule §54.315 (d)(5). Under this provision, the state commission may require modification to the disaggregation and targeting of support selected under this Plan. Should the FCC extend the duration of the RTF Order beyond the initial term, Hot Springs may, at its discretion and subject to FCC rules, continue this disaggregation Plan as filed. Hot Springs reserves the right to alter, amend or withdraw this Plan, contingent upon subsequent FCC action, Montana PSC action, court decisions, or other changes in the law or circumstances.

HOT SPRINGS TELEPHONE COMPANY
STUDY AREA: 482241
UNIVERSAL SERVICE DISAGGREGATION PLAN

EXHIBIT 1 - ZONE MAPS

HOT SPRINGS TELEPHONE COMPANY

DISAGGREGATION ZONES



ZONE 1
18.64 SQ. MI.
HOT SPRINGS
Downtown Zone

ZONE 2 (Rural Zone)
206.93 SQUARE MILES

HOT SPRINGS TELEPHONE COMPANY
STUDY AREA: 482241
UNIVERSAL SERVICE DISAGGREGATION PLAN

EXHIBIT 2 - DESCRIPTION OF GEOGRAPHIC COST ZONES

Exchange Name:	Hot Springs
Zone Name:	Downtown Zone
Cost Zone:	D
Access Lines:	475
Approximate Square Miles:	7.25
Lines per Square Mile	65.52

General Description

Zone D is shaped like a reverse L, with the southern boundary being the entire southern boundary of the Hot Springs City limit on a straight line east to 1/4 mile east of Highway 28 then north paralleling Highway 28 (1/4 mile east of Highway 28 at all times) to a point 1 mile north of Lone Pine Road. The boundary then proceeds west 1/2 mile across Highway 28 to 1/4 mile west of Highway 28. At this point the boundary turns south, parralleling Highway 28 (1/4 mile west of the highway at all times) to Chislom Trail. The boundary then turns west to 1 mile west of the Hot Springs City Limits, then south to the southern boundary.

Exchange Name:	Hot Springs
Zone Name:	Rural Zone
Cost Zone:	R
Access Lines:	316
Approximate Square Miles:	217.75
Lines per Square Mile	1.45

Description: All portions of the Hot Springs study area not included in "Downtown Zone".

HOT SPRINGS TELEPHONE COMPANY
STUDY AREA: 482241
UNIVERSAL SERVICE DISAGGREGATION PLAN

EXHIBIT 3 - APPLICATION OF COST ALGORITHM

Exchange	Access Lines	Access Lines per zone (5-100) Lines per square mile Zone "D"	(0-5) Zone "R"
Hot Springs	791	475	316
Grand Total	791	475	316

Step 1

Development of Input Values		Zone "D"	Zone "R"
$Cost_{z(n)}$	$Lines_{z(n)}$	475	316
	Times Proxy cost/line	$ (P)	$ (P)
	$Cost_{z(n)}$	$ (P)	$ (P)
$Cost_{z(a)}$	$Cost_{z(d)}$	$ (P)	
	$Cost_{z(r)}$	$ (P)	
	$Cost_{z(a)}$	$ (P)	

	HCL	LTS	LSS	Total
$USF_{(t)}$	$ 14,428	$ 7,993	$ 12,042	$ 34,463

Step 2

Application of Cost Algorithm		High Cost Loop Zone "D"	Zone "R"	Long Term Support Zone "D"	Zone "R"
	$Cost_{z(n)}$	$ (P)	$ (P)	$ (P)	$ (P)
Divided by	$Cost_{z(a)}$	$ (P)	$ (P)	$ (P)	$ (P)
		18.9%	81.1%	18.9%	81.1%
Times	$USF_{(t)}$	$ 14,428	$ 14,428	$ 7,993	$ 7,993
		$ 2,728	$ 11,700	$ 1,511	$ 6,482
Divided by	$Lines_{z(n)}$	475	316	475	316
Equals	$USFPL_{z(n)}$	$ 5.744	$ 37.025	$ 3.182	$ 20.511

Application of Cost Algorithm		Local Switching Support Zone "D"	Zone "R"	Total Federal Support Zone "D"	Zone "R"
	$Cost_{z(n)}$	$ (P)	$ (P)		
Divided by	$Cost_{z(a)}$	$ (P)	$ (P)		
		18.9%	81.1%		
Times	$USF_{(t)}$	$ 12,042	$ 12,042		
		$ 2,277	$ 9,765		
Divided by	$Lines_{z(n)}$	475	316	475	316
Equals	$USFPL_{z(n)}$	$ 4.794	$ 30.902	$ 13.719	$ 88.438

Step 3

Reconciliation	Zone "D"	Zone "R"	Total
Lines per Zone	475	316	791
Support per line	$ 13.72	$ 88.44	
Total Support	$ 6,517	$ 27,946	$ 34,463

HOT SPRINGS TELEPHONE COMPANY
STUDY AREA: 482241
UNIVERSAL SERVICE DISAGGREGATION PLAN

EXHIBIT 4 - PROXY COST MODEL RESULTS

PROXY COST MODEL RESULTS
HATFIELD MODEL 5.0a

MONTANA LOCAL EXCHANGES

Total Sample	**0-5 lines/sq mi**	**5-100 lines/sq mi**	**100-200 lines/sq mi**	**200-650 lines/sq mi**	**650-850 lines/sq mi**	**850-2550 lines/sq mi**	**2550-5000 lines/sq mi**	**5000-10000 lines/sq mi**	**>10000 lines/sq mi**	**Totals**
Annual Cost	$ 171,409,201	$ 38,435,078	$ 7,091,590	$ 12,348,008	$ 2,288,116	$ 11,228,546	$ 9,830,742	$ 3,422,911	$ 592,506	$ 256,646,698
Loop Cost/month	224.07	34.76	19.69	15.88	13.27	10.16	7.73	5.77	3.50	40.61
Total lines	63,749	92,149	30,012	64,791	14,369	92,084	105,959	49,464	14,087	526,665

HOT SPRINGS TELEPHONE COMPANY
STUDY AREA: 482241
UNIVERSAL SERVICE DISAGGREGATION PLAN

EXHIBIT 5 - DEVELOPMENT OF SUPPORT PER LINE IN SUBSEQUENT YEARS

Recalculation of Per Line Support in Subusequent Periods

				Sample
Step One.	Identify the new monthly level of universal service support	$USF_{(t)}$	$	38,000
Step Two.	Identify access lines per zone.			
	Rural	$Lines_{z(r)}$		379
	Downtown	$Lines_{z(d)}$		499

Step Three. Run cost allocation algorithm.

$USF_{(t)} = (Lines_{z(r)} \times 6.45 \times A) + (Lines_{z(d)} \times A)$

$ 38,000 = (346 x 6.45 x A) + (528 x A)

$ 38,000 = (2,230 x A) + (528 x A)

$ 38,000 = 2,758 A

$ 12.92 = A

Step Four. Develop per line support for each zone.

Downtown	$USFPL_{z(d)}$	=	A	x	1.00	=	$ 12.9159
Rural	$USFPL_{z(r)}$	=	A	x	6.45	=	$ 83.2585

Step Five. Prove that total support developed on a per line basis equal support in aggregate.

	$Lines_{z(n)}$	x	$USFPL_{z(n)}$	=	Support per zone
Rural	379	x	$ 83.2585	=	$ 31,555
Downtown	499	x	$ 12.9159	=	$ 6,445
Total Support					$ 38,000